



**SONEPCO
FEDERAL CREDIT UNION**

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September 14, 2009

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: Docket No. R-1364 – Interim Final Rule on Implementation of the CARD Act

Dear Ms. Johnson:

This letter is written to address the many and far-reaching unintended consequences contained in the statement “applicable to any open-end loan product.” Specifically, this is addressing the requirement that periodic statements for any open-end consumer credit account be mailed or delivered at least 21 days before the payment is due in order to be able to charge a late fee or to otherwise consider the payment as late.

Credit Unions are organized by and for their members. This credit union was organized in 1955 to serve the employees of the electric utility in Las Vegas and their family members. We continue to be stewards of their financial future to this day, through good times and bad. To streamline the lending process, our credit union, and thousands of others throughout the country, began utilizing a multi-featured open-end lending program almost thirty years ago. This type of program allows us to provide the best possible service to our members at all times. With this lending program, members can CHOOSE payment due dates and payment frequency; and, it allows for easy access to future borrowings. A few points:

- As a financial co-operative we control expenses by mailing one consolidated statement at the beginning of each month. To ensure that our members received their statement at least 21 days in advance of a loan payment due date, we would have to change all due dates to the 28th (allows for mailing and the 21 day pre-notification requirement). We cannot afford to send multiple statements to one member AND they don't want them! Members much prefer the consolidated statement.
- Many of our members CHOOSE their due dates based upon their pay periods and when other loan payments are due. This allows them to budget their family's income in a manner that is best for them. A good example is our member retirees who are paid at the beginning of every month and prefer their due dates around the 10th. To REQUIRE them to pay at the end of the month is going to be a huge disservice and may result in late charges as they have been used to paying around the 10th and may be perennially late after the change is effected.

- NVEnergy (the utility that SONEPCO serves) pays their employees on a bi-weekly basis. Since the inception of our multi-featured open-end lending program, our members have made their loan payments out of every check as that is the method that is most preferred. To change the due-date and payment frequency is going to wreak havoc upon our membership at a time when they are already experiencing stress from the worsening economic conditions in our community. It is impossible to provide a statement 21 days in advance of a due date when the frequency of payments is 14 days. We have provided this payment option to our members for the entire 54 years we have been in existence.
- One of the many benefits of a multi-featured open-end lending program is the ease with which advances can be made. As an example: A member calls who just experienced a catastrophic event while on vacation and needs some funds placed immediately into their account - with an open end lending plan, this can be done immediately. We have helped members for years through unforeseen life events in this manner. If this were a closed-end note, we would not be able to process the request without an application, a new credit history, and a signature at completion/closing – all of which would not be convenient for a member located far away with an emergency (or close to home, for that matter).

The members of our credit union appreciate how we provide the service(s) that they want and need. We do not tell them how they must do business with the credit union. They tell us. The members have told us that they want:

- Monthly statements, with all of their account history and actual due dates.
- Payment due dates of their choosing.
- Payment frequency of their choosing.
- Easy access to money when they need it.
- AND, we do it!

They've told us what they don't want:

- To provide service like a bank.
- To charge fees like a bank.
- To charge interest like a bank
- AND, we don't!

That's what credit unions are about – serving our members. This piece of legislation as passed and interpreted is causing our members great and serious harm at a time when they are facing extreme financial challenges.

Please give all due consideration to utilizing the Board's authority under TILA to limit the scope of the 21-day rule to Credit Cards, as this Act was clearly meant to do. If that is not deemed appropriate, at the very least please provide credit unions with a minimum of one year to comply, as it would take that amount of time to change data-

processing and lending systems, as well as to notify our members of the egregious ramifications of this Act.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. B. Longson', with a stylized, flowing script.

Susanne B. Longson
President